

Message Text

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PAGE 01 STATE 065714
ORIGIN EB-08

INFO OCT-01 AF-08 ISO-00 TRSE-00 COME-00 L-03 H-01
CIAE-00 INR-07 NSAE-00 /028 R

DRAFTED BY EB/IFD/OIA:TRBRODERICK
APPROVED BY EB/IFD/OIA:RSMITH
AF/W:RKOTT
L:DVAGTS (INFO)
AF/EP:WHITE (INFO)
TREASURY:RGOODMAN (INFO)
COMMERCE:JSEVER (INFO)
-----260535Z 101872 /21
R 242136Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS: EINV, NI

SUBJECT: AMERICAN INTERNATIONAL INSURANCE COMPANY (AIIC)

1. NOTTINGHAM, ET AL., OF AMERICAN INTERNATIONAL GROUP (AIG) MET WITH USG REPS (INCLUDING, FOR A PORTION OF THE MEETING, ECON COUNSELOR CAHILL) AT THE COMPANY'S REQUEST ON MARCH 23 TO DISCUSS THE SITUATION INVOLVING AIIC.

2. THE COMPANY REPORTS BEING INFORMED BY THE FMG THAT THE TIMETABLE FOR TRANSFER OF AN ADDITIONAL ELEVEN PERCENT OF AIIC EQUITY -- AT A PRICE TO BE DETERMINED BY THE CAPITAL ISSUES COMMISSION -- HAS BEEN ACCELERATED TO ON OR BEFORE JULY 1, 1977. AIIC HAS ALSO RECEIVED WRITTEN NOTICE FROM THE MINISTRY OF TRADE THAT, ONCE THE FMG ACQUIRES A MAJOR-
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ITY POSITION, IT INTENDS TO EXERCISE ACTIVE MANAGERIAL DIRECTION AND CONTROL OVER AIIC.

3. ACCORDING TO THE COMPANY, THE SINE QUA NON OF ANY AGREEMENT ACCEPTABLE TO AIG WOULD BE ADEQUATE COMPENSATION FOR THE EQUITY BEING ACQUIRED, AS WELL AS RETENTION BY AIG OF EFFECTIVE MANAGEMENT CONTROL OVER AIIC DESPITE ITS PROS-

PECTIVE MINORITY STATUS. AIG IS PARTICULARLY CONCERNED ABOUT THE ISSUE OF CONTROL, AND PROFESSES TO BE UNWILLING TO CONTINUE PARTICIPATING IN THE ENTERPRISE WITHOUT A

VOICE SUFFICIENT TO ASSURE THE QUALITY OF AIIC SERVICES AND THE ABILITY TO MEET ITS COMMITMENTS. FAILING THIS, AIG WOULD SERIOUSLY CONSIDER TERMINATING ITS INVOLVEMENT IN NIGERIA, EITHER BY AN AGREED TRANSFER OF 100 PERCENT OF AIIC TO THE FMG OR OTHERWISE.

4. AT THIS POINT, THE COMPANY IS NOT SANGUINE ABOUT ACHIEVING ITS OBJECTIVES, BUT IT IS SENDING TWO REPRESENTATIVES TO LAGOS TO ATTEND THE MEETING NEXT WEEK OF THE AIIC BOARD, AS WELL AS TO INITIATE PRELIMINARY CONTACTS WITH FMG OFFICIALS ON THE NEXT PHASE OF NEGOTIATIONS. APPARENTLY AIG DOES NOT ANTICIPATE ENTERING INTO ACTUAL NEGOTIATIONS DURING THIS TRIP, BUT AIG NOTED THAT THE NATURE OF THESE DISCUSSIONS IS LIKELY TO DEPEND UPON WHICH FMG OFFICIALS THEY ARE SUCCESSFUL IN MEETING.

5. THE AIG REPS EXPECT TO RETURN TO THE U.S. ON OR ABOUT APRIL 10. NO EMBASSY ASSISTANCE IS REQUESTED AT THIS TIME, BUT THE COMPANY PROMISED TO KEEP THE EMBASSY INFORMED ON THE PROGRESS OF THE TALKS. WE WOULD APPRECIATE A PROMPT REPORT OF ANY CONTACTS WITH AIG IN ANTICIPATION OF A FOLLOW-UP MEETING WITH COMPANY REPS UPON THEIR RETURN TO THE U.S.

6. PLEASE PROTECT THE SUBSTANCE OF PARAS. 3 AND 4.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ACQUISITION, MANAGEMENT, INSURANCE, STOCKS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: TRBRODERICK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770104-0135
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770325/aaaaavkg.tel
Line Count: 98
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Litigation Codes:
Litigation History:
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Original Previous Classification: n/a
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Previous Classification: LIMITED OFFICIAL USE
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Retention: 0
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Review Event:
Review Exemptions: n/a
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SAS ID: 3005022
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TAGS: EINV, NI, US, AMERICAN INTL INSURANCE CO, AIIC
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Type: TE
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